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July 26, 2001

To: Supervisor Michael D. Antonovich, Mayor
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From: David E. Janssen 
Chief Administrative Officer

STATE LEGISLATIVE UPDATE

STATE BUDGET REPORT

Governor Davis approved **SB 739 (Peace)**, California's \$103.3 billion FY 2001-02 Budget, with a reserve of \$2.6 billion. As expected, the Governor blue-penciled a combined total of \$554 million from the General and Special Funds. Of that amount, \$103 million was vetoed from health and human services programs, \$178 from higher education and \$130 million from K-12 education. In many instances, where State funding for some health programs was reduced, the Governor indicated that counties could use their tobacco settlement dollars or local realignment funding.

The following highlights the Governor's actions on budget issues important to the County.

HEALTH AND SOCIAL SERVICES

Health and Mental Health

The Governor approved the Legislature's \$25 million appropriation for trauma centers and \$5 million for statewide trauma care system planning, but on a one-time only basis. The Governor indicated that the expansion of the Medi-Cal and Healthy Families Programs should decrease the number of uninsured patients served in trauma centers, and reduce the need for State funding in the future.

Other programs funded include: (1) \$9.5 million for the Breast and Cervical Cancer Treatment Program for women earning up to 200 percent of the federal poverty level; (2) \$162.9 million to fully fund the increased AIDS Drug Assistance Program; (3) a \$10

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million augmentation for the Early Access to Primary Care Clinic Program; and (4) \$10 million for mentally ill adults who are at risk of homelessness.

The Budget provides \$819.8 million for the Healthy Families Program (HFP), including outreach and coverage for parents earning up to 250 percent of the federal poverty level. However, the Governor vetoed Budget Bill Language which would have established legislative intent to fully fund the program. He indicated that HFP is a "capped program, and not intended to be an entitlement."

The Governor blue-penciled: (1) \$2 million for local public health subventions; (2) \$5.7 million for youth treatment programs; (3) \$200,000 for a suicide prevention study; and (4) \$5 million to eliminate the 3 percent discretionary cost-of-living adjustment for Mental Health Managed Care.

Social Services

The Governor approved \$58.2 million to increase IHSS provider wages to \$8.50 per hour in Public Authority counties, and a 3 percent increase for non-public authority and contract provider counties. He also approved an additional \$123.8 million for child welfare services to counties.

Foster Care

The Budget includes \$19.2 million to expand services and benefits to foster youth, which will be allocated as follows: (1) \$1.5 million for an Internet-based health and education passport system for foster children in Los Angeles County; (2) \$6.5 million for the Supportive Transitional Emancipation Program, which provides support for young adults up to age 21 if they are involved in training or education activities; and (3) \$11.2 million for the Transitional Housing Placement Program for foster youth 16 to 18 years old, and up to age 21 for those participating in the Supportive Transitional Emancipation Program.

PUBLIC SAFETY

A total of \$232.6 million is included for equal distribution to the COPS program and county juvenile crime prevention programs, reduced by the Budget Conference Committee from \$242.6 million. Because the COPS Program guarantees a minimum of \$100,000 for each recipient, the impact of this reduction on the County is about \$450,000. A \$20 million local high technology grant program survived the Governor's blue pencil, as did \$3 million for high technology theft apprehension and prosecution, which can be used to prosecute identity theft. An appropriation of \$62 million is available for renovation of detention facilities.

The Governor deleted \$750,000 for a Los Angeles County Superior Court pilot truancy court that would be established by **AB 1536 (Cardenas)**. He also reduced the funding for drug courts by \$3 million, leaving \$14.1 million for that program.

The Governor eliminated \$241,000 for search and rescue services within Los Angeles County.

NATURAL RESOURCES, PARKS AND CAPITAL PROJECTS

The Governor reduced acquisition funding for the Cornfields Project from \$40 million to \$36 million. He also deleted \$850,000 for Los Angeles River-North for other local assistance projects and \$850,000 for the Upper Arroyo Seco Parkway.

The Governor deleted \$2.5 million for the El Pueblo Cultural and Performing Arts Center, reduced funding for the Del Amo Neighborhood Park in Carson from \$710,000 to \$350,000, and reduced funding for the Whittier Greenway Trail from \$750,000 to \$450,000. The Governor also reduced funding for the Kenneth Hahn State Recreation Area in Baldwin Hills from \$11 million to \$4 million, indicating that the lesser amount is sufficient for the acquisition of the Stocker Street Trail. Also eliminated was \$9 million for Topanga State Park; however, the Governor has directed the State Department of Parks and Recreation to allocate to the Park \$4 million from the 2000 Bond Habitat Acquisition Program. However, he approved \$2 million for Mother's Beach in Marina del Rey and \$794,000 for Surfrider, Malibu Lagoon for clean beach and research projects.

The Governor deleted the \$2 million augmentation for the Oakmont-Verdugo Mountains purchase, within the Santa Monica Mountains Conservancy. This acquisition was already funded with State Proposition 13 bond funds, and an additional \$2 million was not necessary to complete the acquisition.

The Governor deleted the \$500,000 augmentation for grants to local government to reduce or eliminate trash in the Los Angeles River Watershed.

TRANSPORTATION

The Governor deleted Budget Bill Language which required Caltrans to construct a grade separation for State Route 1 on the Alameda Corridor as a triple grade separation. The Governor indicates that the State has already committed \$42 million from the Interregional Transportation Improvement Program and \$18 million from Proposition 116 funds for the single grade crossing project.

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The Governor reduced funding for the Malibu Canyon-Las Virgenes Road Scenic Highway Designation Project from \$25,000 to \$12,000.

OTHER ACTIONS BY THE GOVERNOR

The \$12 million augmentation for the design and construction of a new veterans' home in Lancaster was deleted from the Budget. The Governor indicates that the Lancaster site does not meet the criteria established in the report released by the Blue Ribbon Task Force on Veterans' Homes. The Task Force has recommended that any future veterans' homes be located in proximity to a United States Department of Veterans Affairs Medical Center and close to available nursing professionals.

The Governor deleted the \$50,000 augmentation for the Hacienda Heights Cityhood Organization to complete an incorporation study.

Local assistance to public libraries under the Public Library Foundation was reduced from \$56,870,000 to \$52,970,000. The County Public Library estimates that this represents a 10 percent reduction in their share of the program.

Among the projects funded by the California Arts Council's local assistance program, the Natural History Museum's seismic retrofit program sustained a reduction from \$250,000 to \$150,000.

The Governor has not yet acted upon the Trailer Bills needed to implement the approved spending plan.

We will keep you advised.

DEJ:GK
IGR:md

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